

SECOND MAJOR BIODIESEL PROJECT ANNOUNCED FOR MONTANA

By The Associated Press

BILLINGS — A Bigfork agriculture company announced Friday it intends to build an oilseed crushing plant and biodiesel refinery in eastern Montana starting next year and then quickly ramp up production by 2011.

The announcement comes on the heels of another major biodiesel project unveiled last week. With grain farmers already enjoying high prices, the prospect of a pair of new biodiesel endeavors in the region could sharply increase competition for growers.

Both projects would rely on camelina, a plant once considered a weed but now widely touted as an ideal source of the plant oils needed to make biodiesel.

Friday's announcement came from Great Plains-The Camelina Company, which hopes to produce up to 10 million gallons of biodiesel next year. That could expand to 120 to 130 million gallons annually by 2011, said company founder Sam Huttenbauer.

To meet that goal, he said the company would have to contract for a million acres of farmland.

"We'll grow as fast as Montana can," Huttenbauer said.

Huttenbauer said the company would reveal the site of the refinery and crushing plant before the end of the year.

Last week, an out-of-state partnership announced it wants to produce up to 100 million gallons of biodiesel annually by 2010, also from camelina grown primarily in Montana. The companies behind that plan are Seattle-based Targeted Growth and Houston's Green Earth Fuel.

Once prolific in Europe, where it was used for lamp oil, camelina was little used in the United States until a recent revival. Politicians have promoted it as a way to reduce the country's dependence on foreign oil while giving a boost to the region's struggling agriculture industry.

Before those dreams are realized, however, the companies have to find enough growers. That could be difficult given current high wheat prices and increasing competition for barley, durum and other crops, said Lola Raska, executive vice president of the Montana Grain Growers Association.

"Right now the crops our producers are familiar with growing are very high priced,"

Raska said. "The camelina will have to be priced very competitively."

In a statement released Friday, Gov. Brian Schweitzer called the Great Plains announcement "an existing investment in value-added agriculture."

"Great Plains has been working to bring camelina to Montana for a decade and their hard work has paid off," Schweitzer said.

The project will be a joint endeavor with the European chemical company INEOS Enterprises, Huttenbauer said. He declined to give a pricetag.

Great Plains vice president Duane Johnson said the company would build the crusher first — by next summer. The refinery would follow by 2009. He said Great Plains needs to contract for at least 50,000 acres of camelina to make the project work.

At full capacity, the plant could process up to 200,000 acres of the crop, with the potential to add more capacity if the company can find enough growers.

"Right now we're competing against very high-priced wheat and that's going to limit the number of acres we get," Johnson said.

In 2007, the company contracted with about 40 Montana growers for 12,000 acres of camelina. The crop was crushed at a facility in Culbertson then shipped to Ohio for processing, Johnson said.